

Message Text

LIMITED OFFICIAL USE

PAGE 01 ZURICH 00443 091921Z

ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 EB-08 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03

SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 (ISO) W

-----059818 092308Z /46

R 090759Z AUG 77

FM AMCONZUL ZURICH

TO SECSTATE WASHDC 2548

INFO AMEMBASSY ANKARA

AMCONSUL ISTANBUL

AMEMBASSY PARIS

AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY BERN

LIMITED OFFICIAL USE ZURICH 0443

USOECD, USEEC

EO 11652: NA

TAGS: EFIN TU IMF SZ

SUBJ: SWISS BANK CLAIMS ON TURKEY

REF: STATE 164398

1. SUMMARY: TOTAL CLAIMS ON TURKEY OF SWISS COMMERCIAL BANKS ESTIMATED AT SF 1.75 BILLION. BANKERS HERE HAVE EXPRESSED SOME CONCERN OVER CURRENT LEVELS OF THEIR CONVERTIBLE LIRA DEPOSITS IN TURKISH BANKS AND OF OVERDRAFT FACILITIES OF TURKISH CENTRAL BANK WHICH TOGETHER AMOUNT TO SF 950 MILLION. SOME REDUCTION IN THIS EXPOSURE APPEARS LIKELY. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ZURICH 00443 091921Z

2. RECENT DISCUSSIONS BY CONGEN OFFICER WITH SWITZERLAND'S FINANCIAL "BIG FOUR" (UNION BANK OF SWITZERLAND, SWISS BANK CORP, CREDIT SUISSE, SCHWEIZERISCHE VOLKSBANK) INDICATE THAT THE SWISS REGARD THEMSELVES AS TURKEY'S NUMBER ONE COMMERCIAL CREDITOR IN EUROPE. TWO SOURCES ESTIMATED THAT

TOTAL CLAIMS ON TURKEY AMOUNT TO SWISS FRANCS
(SF) 1.75 BILLION, BROKEN DOWN ROUGHLY AS FOLLOWS:

CONVERTIBLE LIRA ACCOUNTS CLAS AT
TURKISH COMMERCIAL BANKS: SF 300 MILLION

OVERDRAFTS (TO TURKISH CENTRAL BANK): SF 650 MILLION

SUPPLIER CREDITS GUARANTEED UNDER THE SWISS GOVT'S
"EXPORT RISIKO GUARANTEE"(ERG): SF 800 MILLION

MATURITY DATES FOR ABOVE CLAS ARE USUALLY 13
MONTHS AND FOR SUPPLIER CREDITS OVER 2 YEARS.

3. MOST SOURCES DID NOT SEEM CONCERNED ABOUT THE LEVEL
OF OFFICIALLY GUARANTEES SUPPLIER CREDITS GRANTED
TO TURKEY. THEY SAID THEY WOULD SEEK TO ACCOMMODATE
DOMESTIC CUSTOMERS DOING BUSINESS WITH TURKEY AND
EXPECT ERG FINANCING TO BE READILY AVAILABLE, SO
LONG AS THE TURKS DO NOT DECLARE A MORATORIUM.

4. BY CONTRAST, THERE WAS A GREAT DEAL OF CONCERN OVER
PRESENT LEVELS OF SWISS EXPOSURE IN THE FORM OF
CONVERTIBLE LIRA ACCOUNTS AND OVERDRAFTS FACILITIES.
ONLY ONE OF THE BIG FOUR SWISS BANKS APPROACHED
SAID IT WAS PREPARED TO RENEW CLAS AND OVERDRAFT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ZURICH 00443 091921Z

FACILITIES TO TURKEY AS THEY MATURE. ALTHOUGH
NONE OF THE SWISS BANKERS HAD EXPERIENCED ANY LOSSES
OR LENGTHY DELAYS THEY FELT THAT THE TURKS
COULD NOT CONTINUE TO LIVE BEYOND THEIR MEANS, AND
IT WAS NOW TIME FOR THE TURKISH GOVT TO MAKE TOUGH
DECISIONS ON ECONOMIC POLICY. CUTTING BANK ON SWISS EXPOSURE
WAS SEEN AS A WAY OF DRIVING HOME THIS POINT TO THE TURKS.

5. MOST SWISS BANKERS SEEMED COMPLETELY DISINTERESTED
IN THE POSSIBILITY OF GRANTING NEW GOLD-BACKED
CREDITS TO TURKEY. THIS IDEA WAS NOT ONLY REGARDED
AS POLITICALLY IMPOSSIBLE FOR ANKARA TO SWALLOW
BUT ALSO AS UNDERMINING THE EFFORT TO GET THE TURKS
TO PUT THEIR FINANCIAL HOUSE IN ORDER. (YET ONE
SOURCE CLAIMED THAT THERE WAS A SECRET AGREEMENT
THAT THE TURKISH CENTRAL BANK WOULD ALWAYS MAINTAIN
ENOUGH GOLD ON DEPOSIT AT SWISS BANKS TO EQUAL THE
LATTER'S EXPOSURE IN TURKEY.)

6. THE BANKERS INTERVIEWED REGARD MUCH OF TURKEY'S
PRESENT DIFFICULTIES AS RELATED TO ITS POLITICAL WEAKNESS
AND EXPECTATIONS OF A DEVALUATION OF THE LIRA.

RESULTING RUSH OF IMPORTS AND DELAY IN EXPORTS AND
WORKERS' REMITTANCES HAS EXACERBATED AN OTHERWISE
MANAGEABLE SITUATION. THEY EXPRESSED CONFIDENCE THAT
BIG U S BANKS, ALTHOUGH ALREADY HEAVILY
COMMITTED IN TURKEY, WOULD CONTINUE TO PROVIDE
ADEQUATE NEW FINANCING. NEVERTHELESS, SHOULD
A PAYMENTS MORATORIUM APPEAR IMMINENT, SWISS
BANKERS SEEMED CERTAIN THAT THE USG WOULD
QUICKLY ORGANIZE SOME SORT OF INTERNATIONAL BAILOUT OPERATION.ELLIS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, BANK LOANS, GOVERNMENT DEBTS
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ZURICH00443
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770286-1003
Format: TEL
From: ZURICH
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770879/aaaacowz.tel
Line Count: 124
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b0c2bf5d-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 164398
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1653485
Secure: OPEN
Status: NATIVE
Subject: SWISS BANK CLAIMS ON TURKEY
TAGS: EFIN, TU, SZ, IMF
To: STATE ANKARA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b0c2bf5d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009